

Message Text

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E.O. 11652: N/A

TAGS:PFOR, HO

SUBJECT: SECRET PAYMENTS BY UB TO GENERAL LOPEZ

FOLLOWING GUIDANCE PREPARED TODAY, APRIL 9, FOR DEPARTMENT
SPOKESMAN. QUESTION AROSE IN BRIEFING. TRANSCRIPT
FOLLOWS IN SEP TEL.

Q: DID THE DEPARTMENT KNOW ABOUT THE ALLEGED PAYMENTS BY
UNITED BRANDS TO GENERAL LOPEZ?

A: WE STILL HAVE NO INFORMATION THAT MONEY WENT TO GENERAL
LOPEZ. THE DEPARTMENT DID NOT KNOW ABOUT ALLEGED PAYMENTS
TO HONDURAN OFFICIALS UNTIL FEBRUARY, AFTER ELI BLACK'S
DEATH AND AFTER THE MATTER CAME UNDER INVESTIGATION BY THE
SEC.

Q: HOW DID YOU FIND OUT?

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A- THE COUNSEL FOR THE COMPANY ADVISED US OF IT IN

FEBRUARY. I SHOULD ADD THAT OUR EMBASSY IN HONDURAS HAD NO INFORMATION WHATSOEVER REGARDING THESE ALLEGATIONS UNTIL THE DEPARTMENT INFORMED IT ABOUT 3 WEEKS AGO OF WHAT WE HAD LEARNED FROM THE COMPANY.

Q: DID UNITED BRANDS ASK FOR THE DEPARTMENT'S ASSISTANCE ON THIS MATTER? ON WHAT GROUNDS?

A: YES: UNITED BRANDS APPLIED TO THE SEC FOR CONFIDENTIAL TREATMENT WITH RESPECT TO CERTAIN INFORMATION WHICH WAS OMITTED FROM THE COMPANY'S ANNUAL REPORT. THIS WAS PURSUANT TO SECTION 24 (B) OF THE SECURITIES EXCHANGE ACT OF 1934. THEY ASKED THAT THE DEPARTMENT TESTIFY AT THE REQUESTED HEARING.

Q: WHAT WAS THE DEPARTMENT'S RESPONSE?

A: THE DEPARTMENT DECLINED TO PARTICIPATE IN THE PROCEEDING.

Q: HOW WAS THIS COMMUNICATED TO UNITED BRANDS?

A: IN A LETTER DATED APRIL 3 FROM ASSISTANT SECRETARY ROGERS TO UB'S COUNSEL, COVINGTON AND BURLING.

Q: DOES THIS HAVE ANYTHING TO DO WITH THE RECENT GOVERNMENTAL CHANGES IN HONDURAS?

A: NOT AS FAR AS WE KNOW. WE DON'T HAVE ANY REASON TO BELIEVE THE TWO EVENTS ARE RELATED.

Q: WILL THIS AFFECT OUR RELATIONS WITH HONDURAS?

A: OUR RELATIONS WITH THE PEOPLE AND GOVERNMENT OF HONDURAS TRADITIONALLY HAVE BEEN CLOSE AND CORDIAL. GIVEN THE FACT THAT THE UNITED STATES GOVERNMENT PLAYED NO PART IN THIS MATTER, EVEN IF THE FACTS ARE AS ALLEGED, WE SEE NO REASON WHY THESE EXCELLENT RELATIONS SHOULD BE AFFECTED.

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Q: WILL THIS HAVE AN ADVERSE EFFECT ON OUR RELATIONS WITH LATIN AMERICA?

A: THIS PRACTICE IS NOT TYPICAL OF U.S. COMPANY PRACTICE, AND THE U.S. STRONGLY OPPOSES SUCH PRACTICES. WE BELIEVE LA GOVERNMENTS UNDERSTAND THIS.

Q: WHERE ELSE DOES UNITED BRANDS OPERATE?

A: IN THIS HEMISPHERE IT ALSO HAS OPERATIONS IN COSTA
RICA AND PANAMA.

Q: DO WE ALSO SUSPECT THE COMPANY OF BRIBING OFFICIALS IN
THESE COUNTRIES?

" - -

A: WE HAVE NO INFORMATION THAT WOULD SUGGEST THIS.

Q: DO WE ANTICIPATE THE HONDURAN GOVERNMENT WILL NOW
EXPROPRIATE U.S. HOLDINGS IN THE COUNTRY?

A: I DON'T WANT TO SPECULATE ON WHAT THE UPSHOT OF THIS
WILL BE IN HONDURAS. KISSINGER

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